



***Governor's 2012 Task Force on the study of Kentucky's
Alcoholic Beverage Control Laws***

Minutes

August 16, 2012

Room 110, Capitol Building

Welcome – Public Protection Cabinet Secretary and Task Force Chairman, Robert D. Vance, welcomed all attendees to the Governor's Task Force to modernize and simplify the state's alcoholic beverage laws.

Roll Call – Members in attendance:
Chairman Robert D. Vance
Larry Bond
James "Jitter" Allen
Tom Bozarth
Sen. Tom Buford
Rep. Larry Clark
Commissioner Tony Dehner
Jennifer Doering
Gay Dwyer
Peanut Gaines
Eric Gregory
Administrator Stephanie Stumbo
John Harris
Sen. Jimmy Higdon
Rep. Dennis Keene
Lowell Land
Roger Leasor
Dan Meyer
Administrator Danny Reed
Adam Watson
Neil Wellinghurst

Members Absent – Frank Harris

Scope and Goals of Task Force:

Brief Background of ABC Laws – The only task force to study alcoholic beverage laws in Kentucky was in 1933 when Governor Laffoon appointed a liquor control committee in response to the 21st amendment, which repealed the 18th amendment. Alcohol sales remains very political and results in some conflicting provisions enacted at different times for specific purposes. In 1936, there was one type of local option election, now there are seven. In 1936 there were 20 license types. In Kentucky right now, there are 84 license types. Indiana currently has 15. There are four different types of restaurant licenses. The court has held that Kentucky ABC laws prohibit patrons from fighting on licensed premises, but not employees. One local option law requires all alcohol licensed establishments to close from 12:00 a.m. - 12:00 p.m. throughout the entire county if there is a single precinct election within that county. There are two Attorney General Opinions which conclude that the later past local option election law relating to prohibition on sales during the time polls are open applies in these situations. If a wet city annexes a dry precinct or part of a dry precinct, that annexed territory has the same wetness as the city. If a wet county precinct merges or annexes a different dry county precinct, the annexed portion stays dry. If a county votes to go from dry to wet, a precinct in that county can subsequently vote to go dry. If a county votes to go from wet to dry, no precinct in that county can ever return to wet as a precinct. The courts are currently struggling with our alcoholic beverage statutes. This is evidenced by the recent ruling by the U.S. District Court of the prohibition of wine and liquor in grocery stores and gas stations. It has taken 75 years for our laws to reach this position.

This Task Force cannot formulate solutions to all the problems in four months. We do not plan to tackle issues such as expansion of sales or locations of sales. Getting alcoholic beverage laws passed is hard enough when the industry is in agreement. The Task Force will submit ONLY recommendations for changes where we have a consensus.

The Task Force will examine three specific issues:

- Local Option laws
- Licensing Simplification and Modernization
- Public Safety Issues

The key to success for this Task Force is for a limited scope of the committees. The measure of success is if we pass any legislation. The focus is baby steps. If this Task Force can come to a consensus on some limited key issues, and we take those issues to the Governor, who presents them to the General Assembly, and we get them passed, this will be a positive step and may be a stepping stone for possibly having another Task Force in two years that expands on what this one is trying to do. If this Task Force works over the next four months and presents recommendations and nothing happens in the assembly, nothing gets passed, then it will likely hurt this industry in the future. This is an extremely rapidly changing industry. More and more areas are going wet. It is going to be important that we have a consensus.

Packets were distributed to each Task Force member containing various documents such as executive orders, email addresses, websites, Kentucky wet-dry map from 2002 and one

for 2012, Kentucky ABC 40 year comparison of wet/dry counties and limited wet territories, and elections resulting from 2000 law changes.

For the 3 committees' members, you also have local option committee statutes, licensing committee statutes relative to the licensing committee, and statutes relating to public safety statutes.

Committee Assignments: – a list of committee assignments was distributed.

Charge of Each Committee:

- (1) Local Option Committee will be chaired by Commissioner Tony Dehner –
 - review KRS 242 – special elections, local option laws not currently under KRS 242, sale prohibition on election day, 2nd election issues and city classification issues
- (2) Licensing Committee will be chaired by Administrator Stephanie Stumbo
 - combine and simplify current license types, define license criteria, fees, temporary license criteria, ethics and proper ownership identification
- (3) Public Safety Committee will be chaired by Administrator Danny Reed
 - disorderly premises, amnesty, deterrent for minors, and penalties

Committee meeting dates: All three committees will meet on August 29, 2012 at the Department of Local Government. You will be getting a map of the meeting location.

- Licensing Committee will meet from 9:00 a.m. – 10:30 a.m.
- Local Option Committee will meet from 10:30 a.m. – 12:00 p.m.
- Public Safety Committee will meet from 1:00 p.m. – 2:30 p.m.

Many of you are serving on more than one committee. We will not set the next committee meeting dates at this time as we don't know how often each committee will meet. Also, we are not setting the next Task Force meeting because we don't know when the committees will meet again. We want to move pretty quickly though. Committees are charged with the responsibility of getting a consensus on the issues. Issues with consensus will be brought to the Task Force. If those of you on a committee and on the Task Force cannot attend, you may send a representative. If you send a representative to the Task Force, that representative cannot vote for you and will not be counted for the quorum. Committee meetings are open to the public and we invite input from anyone who wants to be there and have input.

Recommendations from this Task Force are due to the governor 1/15/13.

Community Forums:

There will be three community forums – One in Eastern Kentucky, one in Western Kentucky, and one in Northern Kentucky. These forums will be held to gather information. Forum sites have not been determined at this time, although the dates have been picked.

- Community forums will be 10/15/12, 10/16/12 and 10/18/12.

Information gathered at the forums will be distributed to all Task Force members and committee members.

Remarks: Larry Bond –Thanked everyone for being in attendance and for their willingness to serve on this Task Force. This Task Force doesn't expect to cure all ills of the ABC laws that have been written in the past 75 years. There have been unintended consequences of KRS changes. What is Important is that if this Task Force is successful, then it could potentially be a template for a way to modernize and update other things. Kentucky's ABC laws are very convoluted and conflicting. We want this Task Force to look at specific areas and come to a consensus in industry and regulatory authority and members of Task Force and have a decent shot of getting something passed in the General Assembly.

Comments From Task Force Members:

- Stephanie Stumbo – as a committee chair I would ask Secretary Vance to address the issue of helping with committees.
- Secretary Vance - many people have contacted us wanting to participate. We will be sure you are aware when committees meet and we encourage you to participate. We couldn't put everyone on a committee, but we tried to pick key industries to be represented on the committees.
- Rep. Clark – we need good representation, and I hope our efforts don't get shot down in public hearings. Secondly, it is important to continue to protect the 3-tier system.
- Rep. Keene – I am all for streamlining government, but we have to be aware that when we streamline government, we must still protect the public.
- Sen. Buford – it would be good to gather information from a couple of other states that have satisfactory ABC laws already in place so we have something to compare to. Steve Humphress has already solicited this information from other states.

Closing – it will be important to be in attendance and punctual for each and every meeting.

Meeting adjourned 1:28 p.m.